

THE BOND BUYER

THE DAILY NEWSPAPER OF PUBLIC FINANCE

Bonds See Approval Rate of 82%

Voters OK \$54B From \$67B Ballot

Bond Buyer | Thursday, November 6, 2008

By Bond Buyer Staff

Despite a faltering national economy, voters by and large gave a very favorable reception to bond referendums on Tuesday's ballot.

[Click here to see the bond election results.](#)

There were 696 questions totaling \$67 billion before voters - the second largest amount ever for a single election day. As of yesterday afternoon, about 82% of bond referendums for which results were available had been approved, for about \$54 billion of new debt.

The approval rate was approximately 86% in the Northeast, 79% in the Southwest, 76% in the Midwest, 67% in the Southeast, and better than 85% in the Far West, which saw nearly \$45 billion of the total requests.

One investment side analyst who tracks ballot measures said the numbers are not too surprising, even amid a gloomy economic outlook.

"The tradition is for high approval rates in November general elections," said Richard Ciccarone, chief research officer at McDonnell Investment Management LLC. The approval rate in 2004 was 91.2%. The total dollar amount of bond measures this week approved marks the second highest ever in any election, behind \$69.6 billion in 2006, he added.

Ciccarone said he suspects the strong approval rates this week stem from the fact that many were statewide measures.

"At the state level, voters are more inclined to approve than at the local level because it's more dispersed and distant whereas at the local level you feel it more directly in your property taxes," he said, adding that voters will likely be even less inclined in the next year or so to endorse local bonding referendum as they see their property values decline.

Voters in California narrowly approved a \$9.95 billion bond issue for high-speed rail, okayed \$980 million for projects at children's hospitals, and gave the nod to \$900 million for a veterans mortgage program. In Los Angeles, voters approved a \$7 billion facilities bond issue for the Los Angeles Unified School District with nearly 70% of the vote, easily eclipsing a 55% requirement, as well as a \$3.5 billion measure for the Los Angeles Community College District.

Voters also weighed in on various initiatives. Massachusetts voters decided to keep the state's income tax, a positive for the state's credit rating. New Jersey voters passed a constitutional amendment that would require their approval in the future for non-revenue debt backed by state.

FAR WEST

California voters approved three separate state general obligation bond authorizations, including the largest, a \$9.95 billion authorization to finance a high-speed passenger trains system. They rejected a \$5 billion bond measure that would have financed rebates for buyers of a variety of alternative-fuel vehicles.

In Los Angeles County, 67% of voters approved a half-cent sales tax that will raise \$30 billion to \$40 billion to fund light rail, subway and other transit projects over the next 30 years. The Los Angeles County Metropolitan Transportation Authority hasn't yet said how much it will spend on a pay-as-you-go basis versus bond financing.

Voters approved \$2.1 billion of GOs for the San Diego Unified School District with 69% of the vote. In Long Beach, voters approved a \$1.2 billion GO bond measure for the Long Beach Unified School District.

San Francisco voters overwhelmingly approved an \$887 million GO bond measure to rebuild San Francisco General Hospital, giving the measure 79% of the vote. Santa Clara County voters gave their public hospital, the Santa Clara Valley Medical Center, 78% support in an \$840 million GO bond referendum.

The East Bay Regional Park District passed a \$500 million open space bond with 71% of the vote.

The Sonoma-Marín Area Rail Transit District passed with 69% of the vote an \$890 million, quarter-cent sales tax measure that will construct a 70 mile commuter train line connecting to San Francisco passenger ferries.

Voters in the three-county region centered in Seattle gave a solid victory to a half-cent sales tax proposal projected to fund \$17 billion in Sound Transit passenger train and bus projects.

Washington state voters rejected a measure, put forth by perennial ballot measure advocate Tim Eyman, which would have opened up carpool lanes to solo cars during most hours and thrown a monkey wrench into some HOT lane toll proposals.

In Oregon, voters look to have defeated a state ballot measure that would have carved a \$1 billion hole in the state budget by making federal income tax payments fully tax deductible. Voters appeared to have approved another measure designed to make it simpler to pass local tax measures. Measure 56 would loosen the state's "double majority" rule, which requires a majority vote in an election with majority turnout to pass bond and tax levies.

Oregon's three biggest local bond measures appeared on their way to passage. The Salem-Keizer School District's \$242 million GO bond was leading yesterday with a solid 57% of the vote. The Portland Community College District's \$374 million bond was leading with a narrower 51%, while the Oregon Zoo's \$125 million measure was capturing about 56% of the vote in the Metro regional government election. The measures all require a simple majority to pass.

Alaska voters approved a \$315 million GO bond measure for transportation projects.

In Honolulu, voters passed a referendum recommending the Oahu government continue planning a rail transit system.

SOUTHWEST

Facing more than \$10 billion of bond proposals, citizens of the Southwest remained receptive to taking on debt despite a weakening economy.

The region's largest single bond proposal, Dallas County's \$747 million proposal to rebuild Parkland Hospital, won with more than 82% in favor.

Arkansas voters approved up to \$300 million of state general obligation bonds to continue a low-interest loan and grant program for local water projects. Voters also approved a constitutional amendment that allows a state-sponsored lottery for the first time and an amendment that will require annual legislative sessions

In Arizona, voters in the Phoenix suburbs of Tempe and Mesa approved \$240 million and \$170 million respectively for streets and other projects. Statewide, voters rejected Proposition 105 known as "Majority Rules" that would have counted the votes of non-voters as "nays" on citizen initiatives requiring a spending increase. Most school bond proposals won easy passage.

Colorado school districts saw mixed results on \$2.7 billion of bond requests. Denver Public Schools won

a record \$454 million. Facing 14 ballot initiatives, Colorado voters approved only five, including a constitutional amendment tightening rules against "pay-to-play." The amendment bans political contributions or gifts from groups with no-bid contracts. But voters rejected an adjustment to the Taxpayers Bill of Rights Amendment that would have placed excess tax revenues in a fund for transportation.

Voters in Wichita narrowly passed the largest school bond issue in Kansas history, authorizing Sedgwick County Unified School District 259 to issue \$370 million of general obligation bonds.

In New Mexico, voters approved four propositions for more than \$220 million of state bonds.

In Oklahoma, Tulsa Mayor Kathy Taylor's compromise plan to spend \$451.6 million over five years to repair crumbling city streets won overwhelming support.

Road bonds were big winners in Texas suburban areas, led by Denton County's \$495 million for roads and bridges and other projects. Voters in hurricane-ravaged Galveston County overwhelmingly approved \$135 million of bonds in three separate questions on Tuesday's ballot.

Texas school districts were again big players, with Round Rock Independent School District's \$294 million winning approval.

In Salt Lake County, Utah, voters approved \$52 million for zoo projects.

SOUTHEAST

North Carolinians passed some large bond issues Tuesday. Voters in Charlotte approved \$227 million of debt for roads, neighborhood improvements, and affordable housing, while voters throughout Mecklenburg County approved \$250 million of debt for parks and recreation projects.

In South Carolina, Richland County voters in District 1 passed a \$336 million bond issue for school projects, while District 5 school district voters approved the issuance of \$243.7 million of debt.

In Georgia, Fulton County voters approved a \$275 million bond issue for a massive plan to build and renovate libraries countywide. Peach State voters were split on two statewide constitutional amendments. Voters approved allowing school districts to use tax funds for community redevelopment purposes using tax allocation bonds, but rejected a proposal to give infrastructure development districts the power to issue tax-exempt bonds to finance infrastructure improvements.

In Louisiana, voters in East Baton Rouge Parish rejected the taxes that would have supported the largest municipal bond proposal in state history. Parish Mayor-President Melvin Holden's plan to finance a \$989 million package of infrastructure and economic development projects lost with 51% opposed and 49% in favor. The bonds would have been supported by a proposed 0.5% sales tax and 9.9-mill property tax increase.

After the election, Holden said he was disappointed.

"We'll go back and regroup and talk to business leaders, community leaders, and others to see how we can reassemble this proposal and move forward with a proposal that's still going to be economically feasible and get Baton Rouge the infrastructure it so badly needs," Holden said Tuesday night at what was to have been a victory party.

In Virginia, Arlington County approved \$170.2 million of bonds that will finance the county's six-year capital improvement plan and the Arlington public schools' CIP. Fairfax County voters approved \$77 million of bonds for park improvements. In Stafford County, voters approved about \$70 million of general obligation bonds for multiple transportation projects.

MIDWEST

Voters in Columbus easily approved a \$1.66 billion bond issue, one of the largest in the Midwest and the largest in the city's history. Much of the debt will finance the city's effort to update its sewer system to meet U.S. Environmental Protection Agency standards.

Statewide, Ohio voters approved \$400 million in borrowing to finance the Clean Ohio program.

In Akron, voters rejected a proposal to lease the city's sewer system and use the revenue to fund a local college scholarship program.

Indiana voters approved a \$278 million bond issue proposed by Indianapolis Public Schools. Voters also approved a \$149 million authorization sought by the Evansville Vanderburgh School Corp. near the Kentucky border.

In Illinois, Harper Community College District 512 in the northwest suburbs of Cook County won approval for \$153.6 million in borrowing authority for construction projects. The Lake County Forest Preserve District won approval for \$185 million of borrowing. Voters in Lockport Township High School District 205 rejected \$141.7 million for a new high school. Statewide, voters rejected by a 2-1 margin a question on whether or not a constitutional convention should be held.

In Milwaukee County, voters endorsed an advisory question on whether the local sales tax should be raised by one cent to fund park and transit improvements and emergency medical services. The increase would boost the local sales tax to 6.6% and raise an additional \$130 million annually. Support is also needed from the Wisconsin Legislature.

In Kansas City, Mo., voters rejected a three-eighths of a cent sales tax to raise the funds needed to build an \$815 million 14-mile light-rail starter line. In St. Louis County, voters rejected a half-cent increase in the sales tax to raise about \$80 million in additional revenue annually to cover the Metro transit agency's operations and to fund further expansions.

North Dakota voters defeated a measure that would have cut the state's income tax rate in half as well and corporate tax rate by 15%, as well as a measure to create a permanent oil revenue surplus fund.

NORTHEAST

In Massachusetts, voters again rejected an initiative to eliminate the state's 5.3% personal income tax. Had Question One passed it would have ended a revenue stream that accounts for 40% of the state's budgeted revenues. The ballot question failed by a 70% to 30% margin.

Standard & Poor's had threatened to place the state on negative watch if the initiative passed, one challenge the state does not have to face now, said analyst Karl Jacob.

"You don't need to be hit with an elimination of a major revenue stream at a time when the recession is also affecting corporate tax and sales tax and things like that," he said.

State Treasurer Timothy Cahill said the referendum's failure will help the state's credit rating as officials address a softening economy and underperforming revenues.

"By voting down Question One, Massachusetts taxpayers helped the commonwealth maintain its double-A rating and manage its debt but there are still tough and uncertain economic times ahead," Cahill said in a prepared statement.

In New Jersey, voters approved restricting state-backed appropriation borrowing that does not have a designated revenue source, with 1,175,273 voters approving the ballot question compared to 853,204 against. New Jersey has approximately \$32 billion of outstanding debt, of which nearly \$20 billion was sold through conduit issuers without voter approval.

Gov. Jon Corzine expressed his support of the initiative. "This ballot initiative will give voters more control over state debt and is an important step in the ongoing process of restoring fiscal responsibility to the state's finances," he said in a press release.

In Pennsylvania, the state now has \$400 million of voter-approved general obligation borrowing capacity after 61.6% of voter approved the bond bill. The bond proceeds will help finance water and sewer infrastructure improvements throughout the state.

In Maryland, Baltimore voters approved \$261.4 million of debt for schools, the Maryland Science Center, the Maryland Zoo, the National Aquarium, parks and recreation, and economic development. Baltimore County voters gave the nod to \$313 million of bonds for various projects. Prince George's County voters approved six issues worth \$361.84 million.

Rhode Island voters overwhelmingly approved two statewide bond measures, an \$87.2 million transportation issue and \$2.5 million of bonds to preserve open space.

© 2008 The Bond Buyer and SourceMedia Inc., All rights reserved. Use, duplication, or sale of this service, or data contained herein, except as described in the subscription agreement, is strictly prohibited. Trademarks page.

Client Services 1-800-221-1809, 8:30am - 5:30pm, ET

For information regarding Reprint Services please visit: http://license.icopyright.net/3.7745?icx_id=20081105W79QE4V8